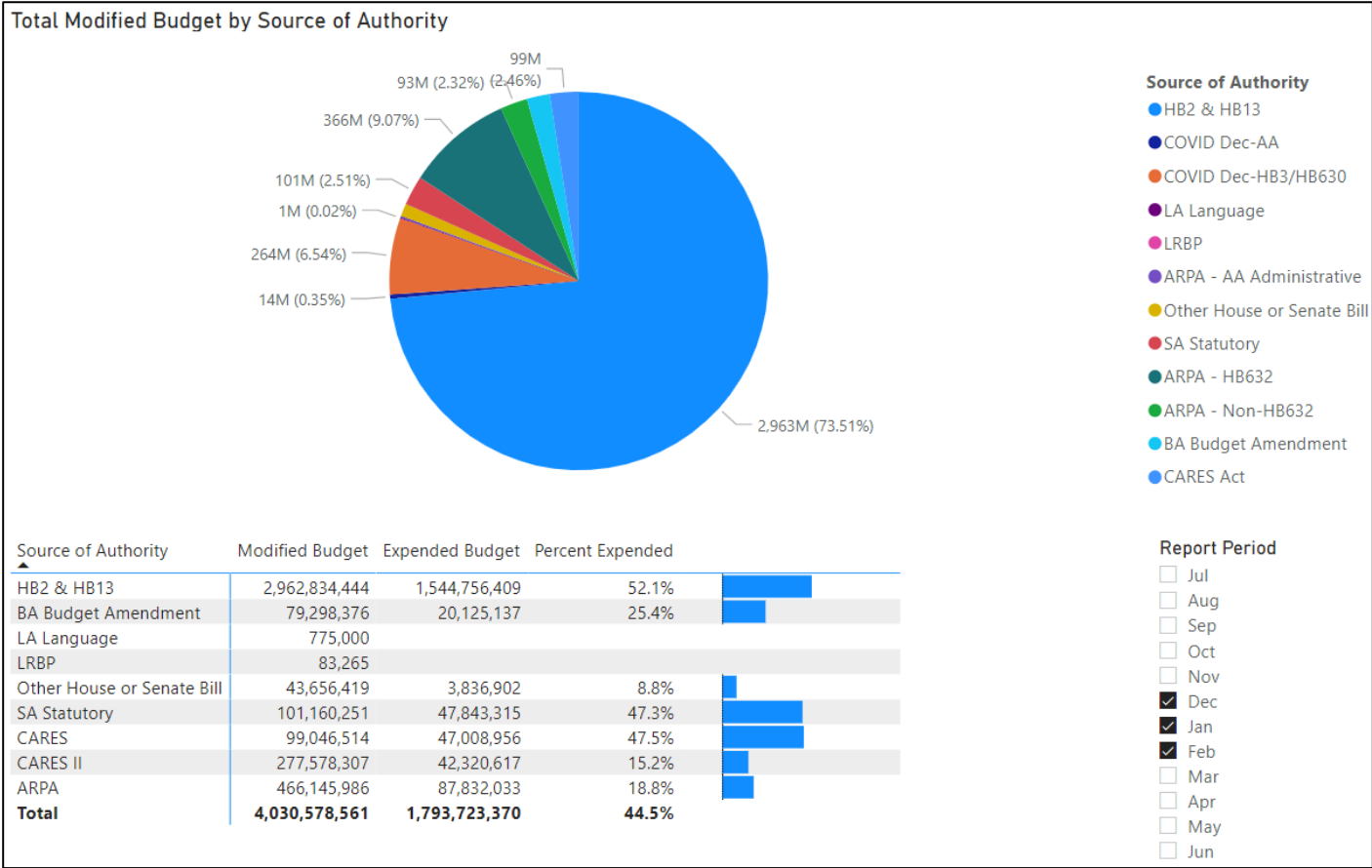


# DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES (DPHHS)

## TOTAL APPROPRIATION AUTHORITY

The total appropriation authority for the agency is shown in the pie chart below. HB 2 and HB 13 provide 73.5% of the total authority for this agency. All types of appropriation authority for this agency are described below, including total budget and the percent expended by source of authority.



## Budget Amendments

Budget Amendment (BA) authority totaled \$79.3 million (all federal funds) as of the beginning of March 2022, and expenditures were \$20.1 million. The largest area of authority was indirect activity funding for the Health Information Exchange in the Technology Services Division (TSD): authority totaled \$33.5 million with expenditures of \$4.8 million. Note that BAs involving COVID-19 are categorized separately as ARPA Non-HB 632 in the graphic above and are discussed separately in the COVID-19 section below. BA authority also existed in the following divisions:

- Public Health and Safety Division (PHSD) – spending of \$3.0 million from a budget of \$10.6 million, largely on prescription drug overdose activities, diabetes/heart health/stroke activities (chronic disease), childhood lead poisoning prevention, and epidemiology and laboratory capacity

- Behavioral Health and Developmental Disabilities Division (BHDDD) – spending of \$6.7 million from a budget of \$17.1 million. Most expenditures have been for opioid response, postpartum services, and the zero suicide grant
- Early Childhood and Family Support Division (ECFSD) – spending of \$4.2 million from a budget of \$11.2 million, mostly on maternal/infant home visiting, sexual risk avoidance education, pediatric mental health care access, and the Maternal Health Innovations Program
- Child and Family Services Division (CFSD) – spending of \$387,633 from a budget of \$3.1 million on caseworker visits, the family first prevention services, the Kinship Navigator Program, and adoption incentives
- Senior and Long-Term Care Division (SLTC) – spending of \$711,202 from a budget of \$2.6 million, mostly on elder abuse prevention, Alzheimer’s activities, adult protective services, and lifespan respite
- Health Resources Division (HRD) – spending of \$347,035 from a budget of \$1.1 million on perinatal health
- Human and Community Services Division (HCSD) - spending of \$16,255 on a budget of \$119,834 for food stamp performance bonuses, income verification, and emergency food assistance
- Disability Employment and Transitions (DET) – Spending of \$33,994 on a budget of \$33,994 for financial relief restoration payments

## Language

Language (LA) authority is associated with Montana Telecommunications Access Program (MTAP). As of the beginning of March 2022, none of the \$775,000 in HB 2 language authority had been expended.

## Statutory Appropriations

The largest statutory appropriation in DPHHS is for the Indian Health Service component of Medicaid, which is 100.0% federal funding. As of the end of February 2022, budget authority for this program was \$94.6 million and expenditures were \$44.9 million.

Other statutory authority in DPHHS is associated with:

- Alcohol tax distributions to the Addictive and Mental Disorders Division (AMDD) – budget of \$2.4 million state special revenue (SSR) with spending of \$809,932
- Title X family planning – budget of \$2.2 million federal funds with spending of \$933,524
- Montana State Hospital bond payments – budget of \$1.8 million SSR with spending of \$1.1 million
- Adoption services fees – budget of \$250,000 SSR with spending of \$87,217

## Other Bills

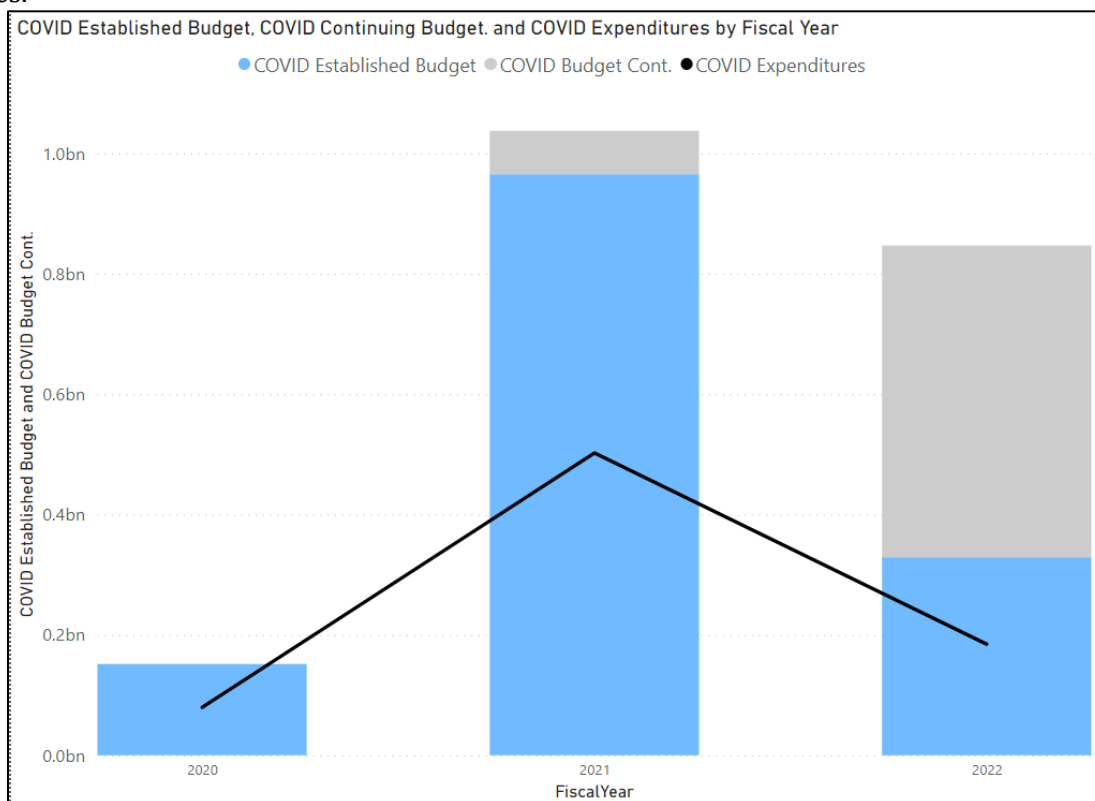
Other bills authority totals \$43.7 million and is associated with the items listed below. Budgets and expenditures are current through the end of February 2022.

- HB 4: authority of \$375,219 for long-range information technology (IT) projects, including the Temporary Assistance for Needy Families (TANF), Client Assistance Program (CAPS), Supplemental Nutrition Assistance Program (SNAP), and Combined Health Information and Montana Eligibility System (CHIMES) systems, no expenditures to date

- HB 5: authority of \$600,000 for Southwest Montana Veterans Home in the Senior and Long-Term Care Division, with \$600,000 of unspent authority
- HB 10: authority of \$17.7 million for long-range IT projects, largely accounted for by the Medicaid Management Information System (MMIS); \$3.8 million has been expended to date
- HB 57: authority of \$16,526 for child protective services (CPS) review hearings, no expenditures to date
- HB 459: authority of \$41,731 for CPS worker certification, no expenditures to date
- HB 701: authority of \$25.0 million for Healing and Ending Addiction Through Recovery and Treatment (HEART) fund-related Medicaid services, with \$25.0 million of unspent authority

## COVID-19 Authority

The following chart is provided to allow the legislature to examine the funding that is available to the agency for COVID-19 impacts from FY 2020 through FY 2022. The chart shows the budget established in each fiscal year, any authority that continued into a following fiscal year because it was not spent in the previous fiscal year, and expenditures.



### In FY 2020:

DPHHS established \$151.8 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). Of this total, \$79.7 million was expended in FY 2020, and \$72.0 million was carried over to FY 2021.

### In FY 2021:

DPHHS established \$412.9 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). DPHHS also carried over \$72.0 million in unused CARES I authority from FY 2020. Total CARES I expenditures in FY 2021 were \$448.0 million.

DPHHS established \$310.3 million in budget authority tied to CARES II (HB 3 and HB 630). Total CARES II expenditures in FY 2021 were \$39.2 million.

DPHHS established \$231.3 million in budget authority tied to ARPA/HB 632. Total ARPA expenditures in FY 2021 were \$15.0 million. The only expenditure was for nursing home supplemental payments.

**In FY 2022:**

DPHHS established \$59.0 million in budget authority tied to CARES I (plus Federal HR 6074, 6201, and 266). DPHHS also carried over \$40.1 million in unused CARES I authority from FY 2021. Total CARES I expenditures to date in FY 2022 were \$47.7 million. Significant expenditure areas included:

- \$36.1 million for enhanced FMAP (budget of \$55.6 million)
- \$5.4 million for epidemiology and laboratory capacity (budget of \$20.5 million)
- \$3.4 million for the Housing and Urban Development (HUD) Emergency Shelter Program (budget of \$6.3 million)

DPHHS established \$16.1 million in budget authority tied to CARES II (HB 3 and HB 630). DPHHS carried over \$261.4 million in unused CARES II (HB 3 and HB 630) authority from FY 2021. Total CARES II expenditures to date in FY 2022 were \$55.9 million. Significant expenditure areas included:

- \$23.3 million for epidemiology and laboratory capacity (budget of \$58.0 million)
- \$12.4 million for immunizations (budget of \$27.1 million)
- \$937,359 from the childcare and development fund (budget of \$20.4 million)
- Large areas of unspent authority to date include \$36.9 million for epidemiology and laboratory capacity, \$97.9 million for testing, tracing, and mitigation, and \$20.4 million for childcare development

DPHHS established \$249.9 million in budget authority tied to ARPA/HB 632. DPHHS also carried over \$216.3 million in unused ARPA authority from FY 2021. Total ARPA expenditures to date in FY 2022 were \$89.0 million. Significant expenditure areas included:

- \$24.8 million for SNAP
- \$5.9 million for childcare stabilization
- \$6.8 million for SNAP enhanced benefits
- \$31.5 million for home and community-based services supplemental payments
- \$5.9 million for epidemiology and laboratory capacity: reopening schools (budget of \$32.2 million)
- Large areas of unspent authority to date include \$109.7 million for testing, \$62.2 million for childcare stabilization, and \$42.6 million for childcare development

## **HB 2 BUDGET MODIFICATIONS**

The following chart shows the HB 2 budget as passed by the legislature, including the pay plan, and the HB 2 modified budget from December 1, 2021 through the end of February 2022. Net modifications to the budget include operating plan changes from one expenditure account to another, program transfers, reorganizations, and agency transfers of authority. The **positive modifications** and **negative modifications** are shown by program, expenditure account, and fund type.

**Legislative Budget Compared to Modified Budget - HB 2 Only**

Agency Name	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
<b>Public Health &amp; Human Services</b>	<b>2,992,281,780</b>	<b>-320,586</b>	<b>2,991,961,194</b>	<b>-29,126,750</b>	<b>2,962,834,444</b>
ADDICTIVE & MENTAL DISORDERS	232,734,565	-1,559,545	231,175,020	-138,875,913	92,299,107
BUSINESS & FINANCIAL SERVICES	13,021,242	551,029	13,572,271	0	13,572,271
CHILD & FAMILY SERVICES	108,086,839	-244,221	107,842,618	-1,271,953	106,570,665
CHILD SUPPORT SERVICES	11,528,910	-74,042	11,454,868		11,454,868
DEVELOPMENTAL SERVICES DIV	308,892,622	-2,706,648	306,185,974	153,661,738	459,847,712
DIRECTORS OFFICE	7,588,308	21,017,365	28,605,673	-1,705,437	26,900,236
DISABILITY EMPLOYMENT & TRANSITNS	29,283,470	-111,327	29,172,143	0	29,172,143
EARLY CHILDHOOD & FAM SUPPORT	84,180,229	-52,029	84,128,200	0	84,128,200
HEALTH RESOURCES DIVISION	1,457,329,273	-10,860,393	1,446,468,880	-12,438,568	1,434,030,312
HUMAN AND COMMUNITY SERVICES	283,268,023	-131,900	283,136,123	0	283,136,123
MEDICAID & HEALTH SVCS MNGMT	31,443,055	-26,979,470	4,463,585	-294,563	4,169,022
OFFICE OF INSPECTOR GENERAL	8,355,780	881,232	9,237,012	115,000	9,352,012
OPERATIONS SERVICES DIVISION	5,422,995	-3,894,329	1,528,666	0	1,528,666
PUBLIC HEALTH & SAFETY DIV	39,400,371	-95,520	39,304,851	0	39,304,851
SENIOR & LONG TERM CARE SVCS	341,142,303	-3,937,477	337,204,826	-28,317,054	308,887,772
TECHNOLOGY SERVICES DIVISION	30,603,795	27,876,689	58,480,484	0	58,480,484
<b>Total</b>	<b>2,992,281,780</b>	<b>-320,586</b>	<b>2,991,961,194</b>	<b>-29,126,750</b>	<b>2,962,834,444</b>

Acct & Lvl 1 DESC	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
61000 Personal Services	199,412,221	1,181,945	200,594,166	1,134,400	201,728,566
62000 Operating Expenses	150,584,228	-46,928	150,537,300	3,296,035	153,833,335
63000 Equipment & Intangible Assets	651,721	15,000	666,721	-129,971	536,750
66000 Grants	70,218,839	-1,976,510	68,242,329	-673,875	67,568,454
67000 Benefits & Claims	2,567,861,525	-2,591,100	2,565,270,425	-32,690,211	2,532,580,214
68000 Transfers-out	3,248,901	2,875,380	6,124,281	12,750	6,137,031
69000 Debt Service	304,345	221,627	525,972	-75,878	450,094

Fund Type	Starting Budget	Prior Period Modifications	Legislative Budget	Net Modifications	Modified Budget
01 General	596,468,895	-320,586	596,148,309	-29,126,750	567,021,559
02 State/Other Spec Rev	232,573,729	0	232,573,729	0	232,573,729
03 Fed/Other Spec Rev	2,163,239,156	0	2,163,239,156	0	2,163,239,156

Several significant modifications were made to the DPHHS HB 2 budget in the December-February period of FY 2022. These include:

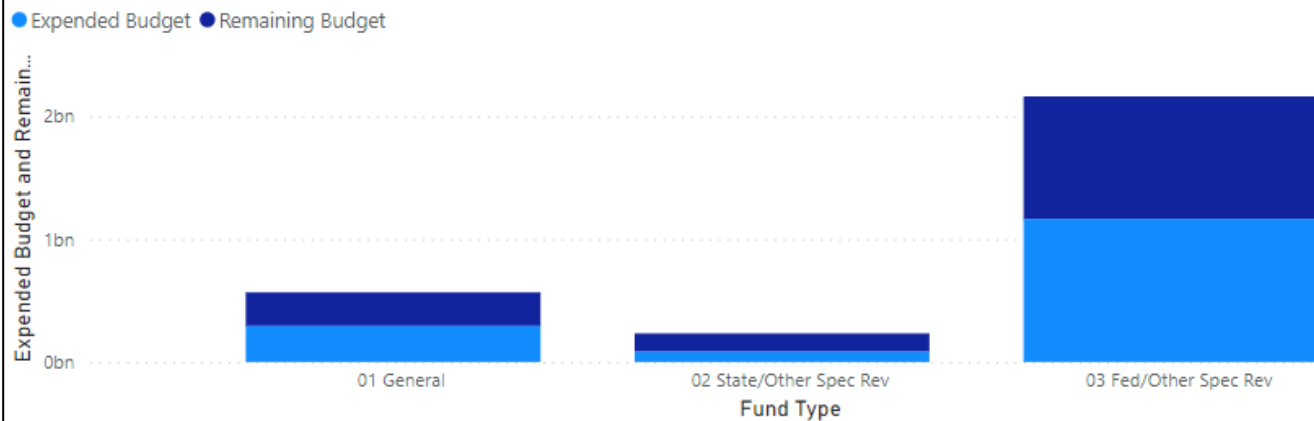
- In the Developmental Services Division (DSD), which is being combined with the Addictive and Mental Disorders Division (AMDD) and renamed the Behavioral Health and Developmental Disabilities Division (Program 10): an overall increase of \$153.7 million due to the addition of AMDD budget authority. The DSD budget also reflects a \$6.5 million reduction in general fund budget for 2<sup>nd</sup> and 3<sup>rd</sup> quarter enhanced FMAP
- In the Addictive and Mental Disorders (AMDD): a total reduction of \$138.9 million, largely due to the shifting of budget authority to DSD. This reduction also includes a \$1.4 million reduction in general fund budget for 2<sup>nd</sup> and 3<sup>rd</sup> quarter enhanced FMAP. The Chemical Dependency Center budget was also shifted to the new State Run Facilities Division (Program 33)
- In the Health Resources Division (HRD): a \$12.4 million reduction in general fund budget for 2<sup>nd</sup> and 3<sup>rd</sup> quarter enhanced FMAP
- In the Senior and Long-Term Care Division (SLTC): a total reduction of \$28.3 million, which includes a \$7.6 million reduction in general fund budget for 2<sup>nd</sup> and 3<sup>rd</sup> quarter enhanced FMAP. The remainder of this reduction is due to the movement of the Veterans' Homes budget authority to the new State Run Facilities Division (Program 33)

- In the Medicaid and Health Services Management Division (MHSM): a \$294,563 reduction in general fund budget due to a reorganization
- In the Quality Assurance Division (QAD; referred to as the Office of Inspector General in the table above): a \$115,000 increase in general fund budget transferred from the Senior and Long-Term Care Division
- In the Child and Family Services Division (CFSD): an overall decrease of \$1.3 million largely tied to realignment issues created by the turnaround process
- In the Director’s Office: an overall decrease of \$1.7 million driven by the transfer of contingency funding for use in the Boulder Intensive Behavioral Center
- The reduction in benefits and claims of \$32.7 million is largely due to a reduction in general fund authority for 2<sup>nd</sup> and 3<sup>rd</sup> quarter enhanced FMAP. Increased federal funds for Medicaid tied to the enhanced FMAP have not yet been added
- The reduction in general fund of \$29.1 million is due to a reduction in general fund authority for 2<sup>nd</sup> and 3<sup>rd</sup> quarter enhanced FMAP

## **HB 2 APPROPRIATION AUTHORITY**

The following chart shows the appropriated budget for the agency compared to expenditures through February 28, 2022.

### Expended Budget and Remaining Budget by Fund Type - HB 2 Only



acclv1_descr	Modified Budget	Expended Budget	Percent Expended
Personal Services	201,728,566	113,128,068	56.1%
Operating Expenses	153,833,335	93,468,906	60.8%
Equipment & Intangible Assets	536,750	70,282	13.1%
Grants	67,568,454	38,108,058	56.4%
Benefits & Claims	2,532,580,214	1,298,670,464	51.3%
Transfers-out	6,137,031	790,756	12.9%
Debt Service	450,094	519,875	115.5%

Program Name	Modified Budget	Expended Budget	Percent Expended
ADDICTIVE & MENTAL DISORDERS	92,299,107	57,572,849	62.4%
BUSINESS & FINANCIAL SERVICES	13,572,271	9,850,190	72.6%
CHILD & FAMILY SERVICES	106,570,665	62,730,247	58.9%
CHILD SUPPORT SERVICES	11,454,868	6,850,869	59.8%
DEVELOPMENTAL SERVICES DIV	459,847,712	203,419,475	44.2%
DIRECTORS OFFICE	26,900,236	5,996,441	22.3%
DISABILITY EMPLOYMNT & TRANSITNS	29,172,143	11,682,690	40.0%
EARLY CHILDHOOD & FAM SUPPORT	84,128,200	45,023,647	53.5%
HEALTH RESOURCES DIVISION	1,434,030,312	754,558,832	52.6%
HUMAN AND COMMUNITY SERVICES	283,136,123	159,831,434	56.5%
MEDICAID & HEALTH SVCS MNGMT	4,169,022	2,256,751	54.1%
OFFICE OF INSPECTOR GENERAL	9,352,012	5,067,031	54.2%
OPERATIONS SERVICES DIVISION	1,528,666	424,291	27.8%
PUBLIC HEALTH & SAFETY DIV	39,304,851	18,861,100	48.0%
SENIOR & LONG TERM CARE SVCS	308,887,772	168,866,585	54.7%
TECHNOLOGY SERVICES DIVISION	58,480,484	31,763,978	54.3%
<b>Total</b>	<b>2,962,834,444</b>	<b>1,544,756,409</b>	<b>52.1%</b>

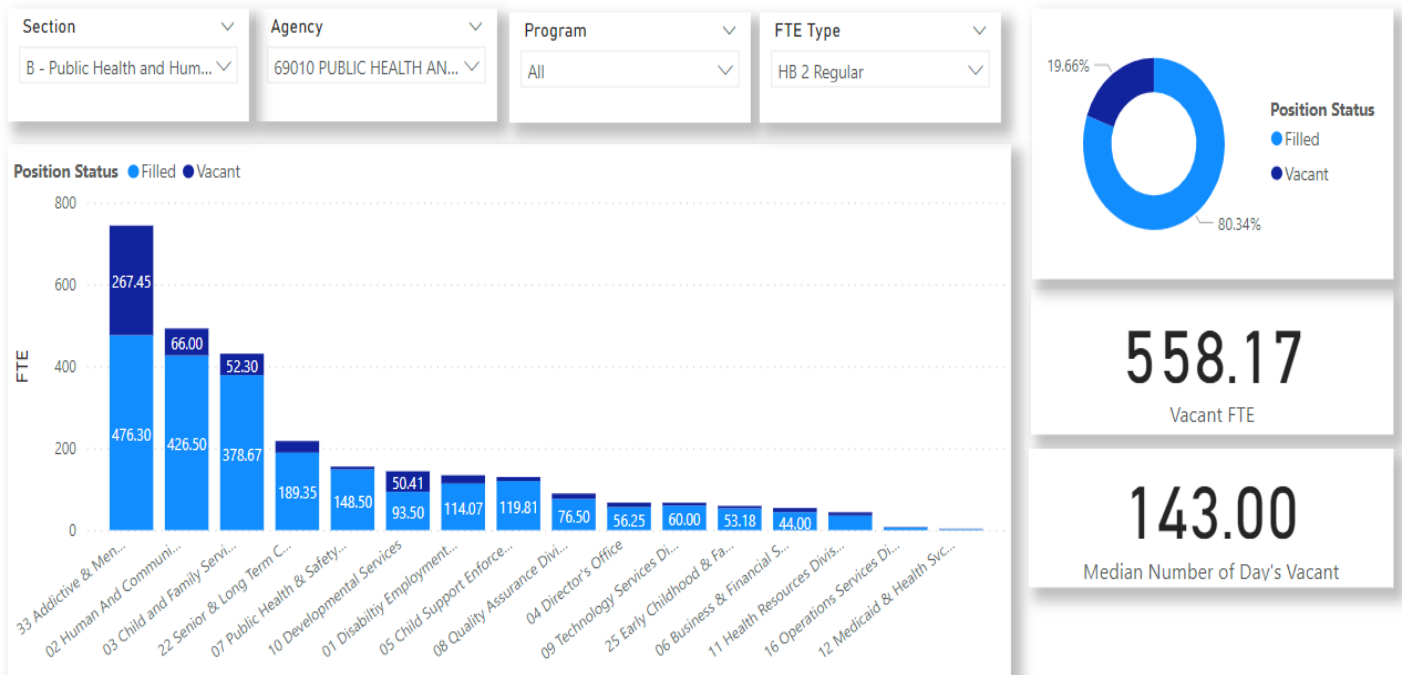
Higher expenditures in Business and Financial Services Division were driven by fixed costs expenditures to the Department of Administration (DOA). The lower percent expenditure in the Director's Office was the result of a higher modified budget due to the transfer of the enhanced FMAP contingency funding to the Director's Office.

## PERSONAL SERVICES

### Personal Services December 2021-February 2022 Update

Personal services make up 6.8% of the DPHHS HB 2 modified budget in FY 2022. The modified budget amount for personal services is \$201.8 million, of which \$113.1 million, or 56.1%, has been expended to date. The image below provides detail on vacancies in DPHHS as of February 1, 2022.

# Vacancies - House Bill 2

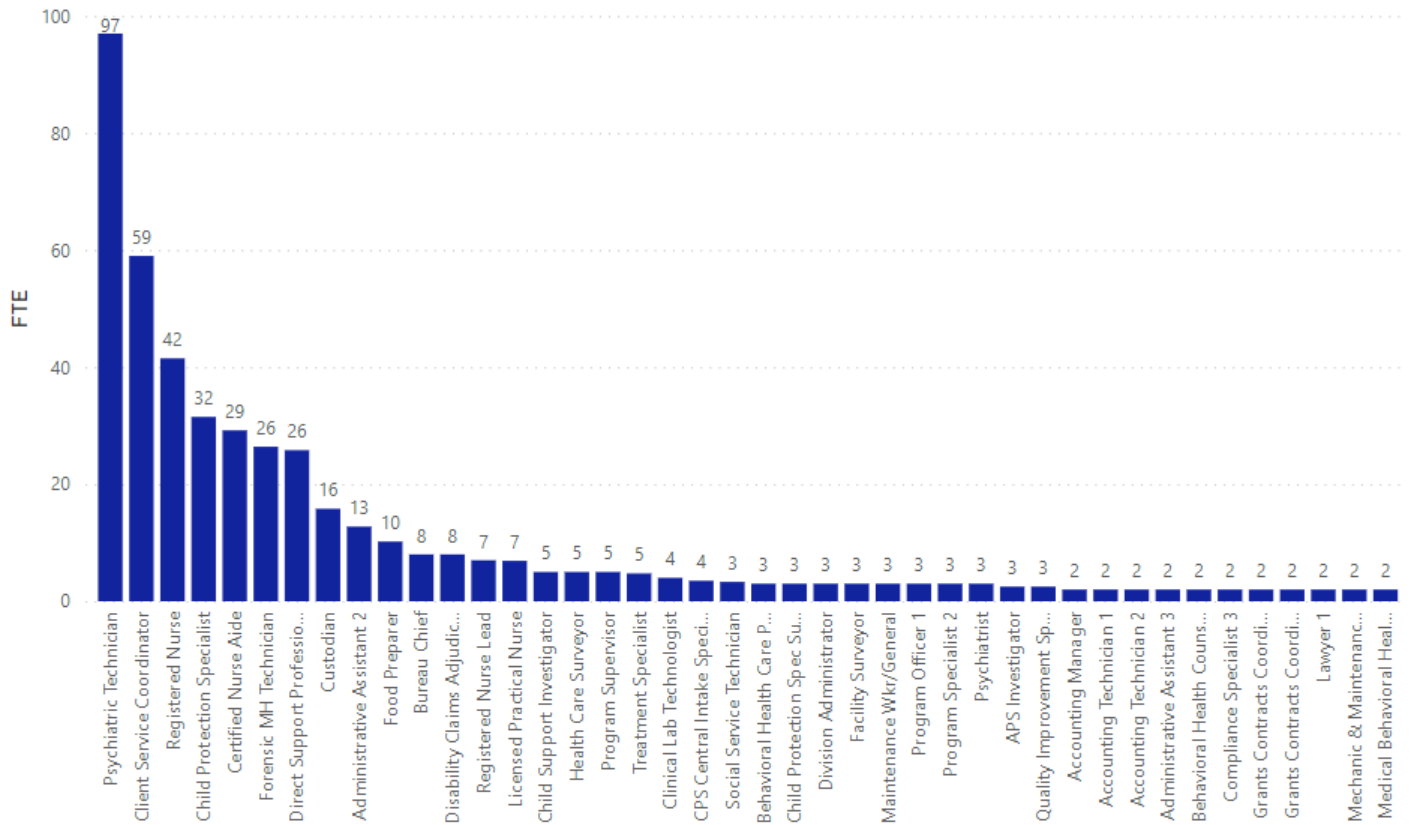


In the column chart above DPHHS divisions are sorted by total FTE. AMDD, which is responsible for several facilities, including the Montana State Hospital, has both the most total FTE and the largest portion of vacancies. Of the 558.17 vacant positions, 47.9% are in AMDD. The adjacent column chart provides more detail on the types of positions that have vacant FTE as of February 1, 2021.



## FTE by Job Type

Position Status ● Vacant



This image is not inclusive of every vacant position in DPHHS. The table below contains detail on utilization by FTE hours for each DPHHS division from July 1, 2021 through February 1, 2022. Divisions are sorted by total available hours. Three divisions have exceeded their budgeted FTE hours at this point in the fiscal year. Note that AMDD is 72.4% utilized, reflective of the high number of vacancies in that division.

Agency	YTD HOURS	Available Hours	Percent Utilized
<b>69010 PUBLIC HEALTH AND HUMAN SERVICES</b>	<b>2,889,700.92</b>	<b>3,222,854.72</b>	<b>89.66%</b>
33 Addictive & Mental Disorders	610,432.77	843,764.00	72.35%
02 Human And Community Services	509,420.63	559,480.00	91.05%
03 Child and Family Services	531,582.11	488,445.92	108.83%
22 Senior & Long Term Care Svcs	224,144.33	247,136.80	90.70%
07 Public Health & Safety Div	174,048.29	176,364.00	98.69%
10 Developmental Services	122,855.99	163,481.76	75.15%
01 Disabilitiy Employment & Transitions Program	141,589.53	152,303.52	92.97%
05 Child Support Enforcement	152,945.51	147,464.16	103.72%
08 Quality Assurance Division	94,175.52	101,672.00	92.63%
04 Director's Office	69,208.59	76,396.00	90.59%
09 Technology Services Division	72,783.90	76,112.00	95.63%
25 Early Childhood & Family Support	72,533.79	67,296.64	107.78%
06 Business & Financial Services	57,113.66	61,344.00	93.10%
11 Health Resources Division	47,110.06	49,552.32	95.07%
16 Operations Services Division	7,469.72	8,633.60	86.52%
12 Medicaid & Health Svcs Mngmt	2,286.54	3,408.00	67.09%
<b>Total</b>	<b>2,889,700.92</b>	<b>3,222,854.72</b>	<b>89.66%</b>

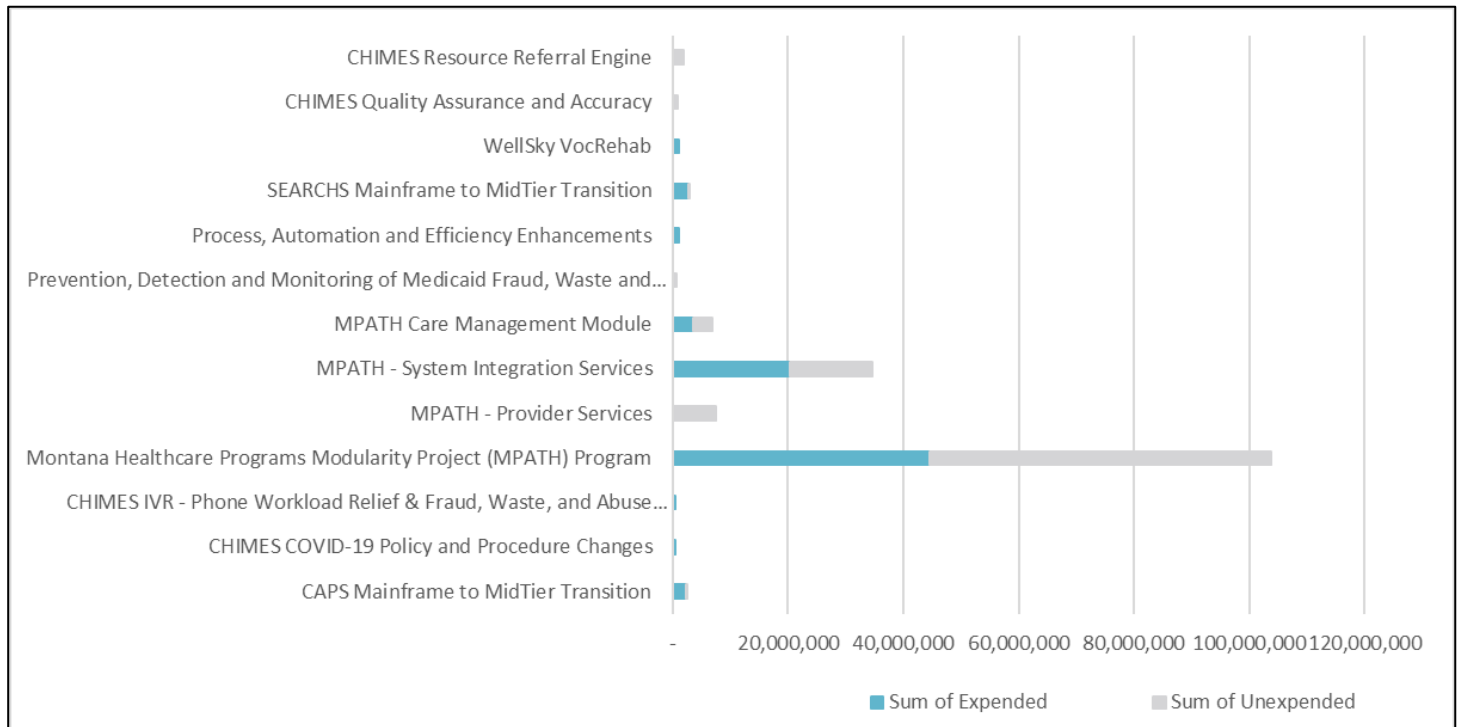
### *Next Steps for Personal Services Reporting*

In upcoming Quarterly Financial Reports, the LFD will begin the process of a more comprehensive look at personal services. The LFD will compare two executive “snapshots” -- July 2020 and July 2022. The analysis will identify adjustments adopted by the legislature in 2021 and modifications made by the agencies, within the confines of budget law.

The September Quarterly Financial Report will provide the complete comparison from July 2020 to July 2022. Ultimately, the analysis will result in a description of all the components that will be part of the executive’s decision package one (DP 1) 2025 biennium budget request. This work will prepare legislators for budget deliberations in the 2023 session. For a review of how DP 1 works and snapshot components, please read this [short brochure](#) from 2019.

## OTHER ISSUES

### Information Technology Project Expenditures



Large Information Technology Projects Original and Revised Budgets				
Project	Original Budget	Revised Budget	Change from Original Budget	
CAPS Mainframe to MidTier Transition	2,552,928	2,552,928	-	
CHIMES COVID-19 Policy and Procedure Changes	400,000	400,000	-	
CHIMES IVR - Phone Workload Relief & Fraud, Waste, and Abuse Alerting	499,000	499,000	-	
Montana Healthcare Programs Modularity Project (MPATH) Program	73,255,288	103,837,339	30,582,051	
MPATH - Provider Services	7,405,542	7,405,542	-	
MPATH - System Integration Services	34,660,000	34,660,000	-	
MPATH Care Management Module	6,954,980	6,954,980	-	
Prevention, Detection and Monitoring of Medicaid Fraud, Waste and Abuse	724,500	724,500	-	
Process, Automation and Efficiency Enhancements	999,925	999,925	-	
SEARCHS Mainframe to MidTier Transition	2,887,100	2,887,100	-	
WellSky VocRehab	1,100,000	1,100,000	-	
CHIMES Quality Assurance and Accuracy (NEW)	965,000	965,000	-	
CHIMES Resource Referral Engine (NEW)	1,874,250	1,874,250	-	

The large majority of the IT project expenditures in DPHHS involve the Montana healthcare programs modularity project (MPATH). According to the State Information Technology Services Division, the MPATH project is intended to: “procure software and services to replace the state’s aging legacy Medicaid Management Information System (MMIS). DPHHS will acquire discrete modules that align with the Final Rule for Mechanized Claims Processing and Information Retrieval Systems, as described in 42 CFR 433.111, and successfully meet the goals and business needs identified by DPHHS during the modularity planning process. The MPATH modularity blueprint includes the following modules: systems integration services, provider services, enterprise data warehouse services, data analytics services, financial support services, claims processing and management services, care management services, customer care services, and pharmacy support services. DPHHS will be developing and releasing request for proposals related to these modules over the next two

years.” The comprehensive MPATH delivery date, which has been revised several times, is December 2024 according to DPHHS correspondence with LFD.

Large Information Technology Projects Original and Revised Delivery Date					
Project	Start Date	Original Delivery Date	Revised Delivery Date	Change from Original Delivery Date	
CAPS Mainframe to MidTier Transition	5/7/2020	6/30/2021	10/11/2021	24.6%	↗
CHIMES COVID-19 Policy and Procedure Changes	6/2/2020	7/31/2021	N/A	0.0%	—
CHIMES IVR - Phone Workload Relief & Fraud, Waste, and Abuse Alerting	6/2/2020	7/31/2021	N/A	0.0%	—
Montana Healthcare Programs Modularity Project (MPATH) Program	1/2/2017	9/30/2022	N/A	0.0%	—
MPATH - Provider Services	7/9/2018	8/5/2019	11/19/2021	213.5%	↗
MPATH - System Integration Services	10/8/2018	9/30/2022	N/A	0.0%	—
MPATH Care Management Module	4/22/2019	2/22/2022	N/A	0.0%	—
Prevention, Detection and Monitoring of Medicaid Fraud, Waste and Abuse	6/8/2020	2/28/2021	5/31/2021	34.7%	↗
Process, Automation and Efficiency Enhancements	4/17/2020	11/1/2020	3/31/2021	75.8%	↗
SEARCHS Mainframe to MidTier Transition	3/4/2020	4/8/2021	9/30/2021	43.8%	↗
WellSky VocRehab	3/10/2020	2/28/2021	6/30/2021	34.4%	↗
CHIMES Quality Assurance and Accuracy	1/4/2022	12/31/2022	N/A	0.0%	—
CHIMES Resource Referral Engine	2/28/2022	4/1/2023	N/A	0.0%	—

## MEDICAID MONITORING

The state Medicaid program involves appropriations and expenditures by four different DPHHS divisions: Health Resources Division (HRD), Senior and Long-Term Care Division (SLTC), Developmental Services Division

(DSD), and Addictive and Mental Disorders Division (AMDD). The Health and Economic Livelihood Partnership Act (HELP Act - Medicaid expansion) is discussed in the second half of this report. This report covers Medicaid benefits only; the administrative costs of the state Medicaid program are not included in this report.

DPHHS has started the reorganization process for AMDD and DSD with the agency moving authority from AMDD to DSD. The journals moving appropriation were posted after the agency budget status report (BSR; dated February 22, 2022) referenced in this report. The next Medicaid Monitoring Report will show those changes in appropriation.

## **SUMMARY**

In the most recent statutorily required Budget State Reports, dated February 22, 2022, DPHHS is projecting a surplus in general fund authority of \$19.8 million for traditional Medicaid benefits. However, this is before an anticipated \$23.6 million general fund appropriation reduction in the 4<sup>th</sup> quarter for the Enhanced Federal Medical Assistance Percentage (EFMAP), which is expected to offset this surplus. The 4<sup>th</sup> quarter decrease in general fund is estimated to be offset by a \$25.8 million increase in federal fund authority.

DPHHS is also projecting a surplus in state special funds of \$15.0 million, and a federal funds surplus of \$17.7 million after receiving 2<sup>nd</sup> and 3<sup>rd</sup> quarter federal EFMAP. At the time of this reporting, the 2<sup>nd</sup> and 3<sup>rd</sup> quarter federal EFMAP had not been received. In this same report, Medicaid expansion is projected to be facing a general fund budget deficit of \$16.4 million, with a surplus of state special revenue funds of \$1.7 million, and federal funds deficit of \$148.8 million.

Enrollment in both traditional and expanded Medicaid has continued to climb since the onset of the COVID-19 pandemic, and the current projected expenditure in Medicaid expansion for FY 2022 (\$1.0 billion) is significantly higher than the initial DPHHS budget request for Medicaid expansion (\$854.5 million) during the 2021 Legislative Session.

## **FY 2022 MEDICAID FUNDING AND BUDGET CHANGES**

The table on the following page illustrates the current status of the Medicaid appropriation from December - February of FY 2022. Estimated FY 2022 totals are DPHHS projections based on data through January 31, 2022. Projection totals are agency numbers included in the DPHHS BSR dated February 22, 2022.

The largest contributing factor to the total reduction in general fund authority is the elimination of \$28.0 million of general fund appropriations, as required by statute, where federal policy provides additional funding. The Families First Coronavirus Response Act (FFCRA) provides a temporary 6.2 percentage point increase to each qualifying state's FMAP beginning January 1, 2020. The increase will extend through the last day of the calendar quarter in which the public health emergency declared by the Secretary of Health and Human Services for COVID-19 terminates, and the reductions made reflect an increased federal share through three quarters of FY 2022.

The February BSR reflects an anticipated \$31.8 million increase in federal funding authority for the 2<sup>nd</sup> & 3<sup>rd</sup> fiscal quarter tied to the EFMAP. This is offset by a \$28.0 million reduction in general fund associated with EFMAP. At the time of this report the federal funds had not been received. This is reflected in the \$31.8 million federal funds difference in the March Modified budget (column 3 in the table below) and the projected budget balance (column 5 in the table below).

**FY 2022 Medicaid Benefits & Claims Appropriations Compared to DPHHS Projections**

	FY 2022 December Modified Appropriation	Changes in Appropriation <sup>1</sup>	FY 2022 March Modified Appropriation	FY 2022 Projected Expenditures <sup>2</sup>	Projected Surplus (Deficit)	Surplus (Deficit) as a % of Modified Budget
<u>10 Developmental Services Div.</u>						
General Fund	\$78,735,654	(\$6,512,601)	\$72,223,053	\$56,012,460	\$16,210,593	22.4%
State Special Revenue	\$16,877,522	\$0	\$16,877,522	\$12,113,386	\$4,764,136	28.2%
Federal Funds	\$211,596,007	\$0	\$211,596,007	\$179,355,067	\$32,240,940	15.2%
Subtotal	\$307,209,183	(\$6,512,601)	\$300,696,582	\$247,480,914	\$53,215,669	17.7%
<u>11 Health Resources Division</u>						
General Fund	\$152,288,047	(\$12,438,568)	\$139,849,479	\$151,946,573	(\$12,097,094)	-8.7%
State Special Revenue	\$55,393,662	\$0	\$55,393,662	\$51,656,639	\$3,737,023	6.7%
Federal Funds	\$458,309,366	\$0	\$458,309,366	\$540,307,712	(\$81,998,346)	-17.9%
Subtotal	\$665,991,075	(\$12,438,568)	\$653,552,507	\$743,910,924	(\$90,358,418)	-13.8%
<u>22 Senior and Long Term Care</u>						
General Fund	\$60,176,346	(\$7,615,435)	\$52,560,911	\$39,172,431	\$13,388,480	25.5%
State Special Revenue	\$32,844,370	\$0	\$32,844,370	\$29,738,386	\$3,105,984	9.5%
Federal Funds	\$195,168,770	\$0	\$195,168,770	\$196,660,258	-\$1,491,488	-0.8%
Subtotal	\$288,189,486	(\$7,615,435)	\$280,574,051	\$265,571,075	\$15,002,976	5.3%
<u>33 Addictive and Mental Disorders</u>						
General Fund	\$14,233,746	(\$1,424,588)	\$12,809,158	\$10,558,183	\$2,250,975	17.6%
State Special Revenue	\$12,533,481	\$0	\$12,533,481	\$9,107,332	\$3,426,149	27.3%
Federal Funds	\$56,412,404	\$0	\$56,412,404	\$54,687,354	\$1,725,050	3.1%
Subtotal	\$83,179,631	(\$1,424,588)	\$81,755,043	\$74,352,869	\$7,402,175	9.1%
<u>Grand Total All Medicaid Services</u>						
General Fund	\$305,433,793	(\$27,991,192)	\$277,442,601	\$257,689,647	\$19,752,954	7.1%
State Special Revenue	\$117,649,035	\$0	\$117,649,035	\$102,615,743	\$15,033,292	12.8%
Federal Funds	\$921,486,547	\$0	\$921,486,547	\$971,010,391	(\$49,523,844)	-5.4%
<b>Grand Total All Funds</b>	<b>\$1,344,569,374</b>	<b>(\$27,991,192)</b>	<b>\$1,316,578,183</b>	<b>\$1,331,315,781</b>	<b>(\$14,737,598)</b>	<b>-1.1%</b>

<sup>1</sup>Changes in appropriation authority can include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of February 28, 2022.

<sup>2</sup>Expenditure projections are based on the February 22, 2022 DPHHS Budget Status Report.

**MAJOR SERVICE CATEGORIES**

Data in the following table are taken from the DPHHS budget status report dated February 22, 2022. The largest projected expenditure categories are nursing facilities, mental health services, and pharmacy.

## Medicaid Summary by Major Service Category

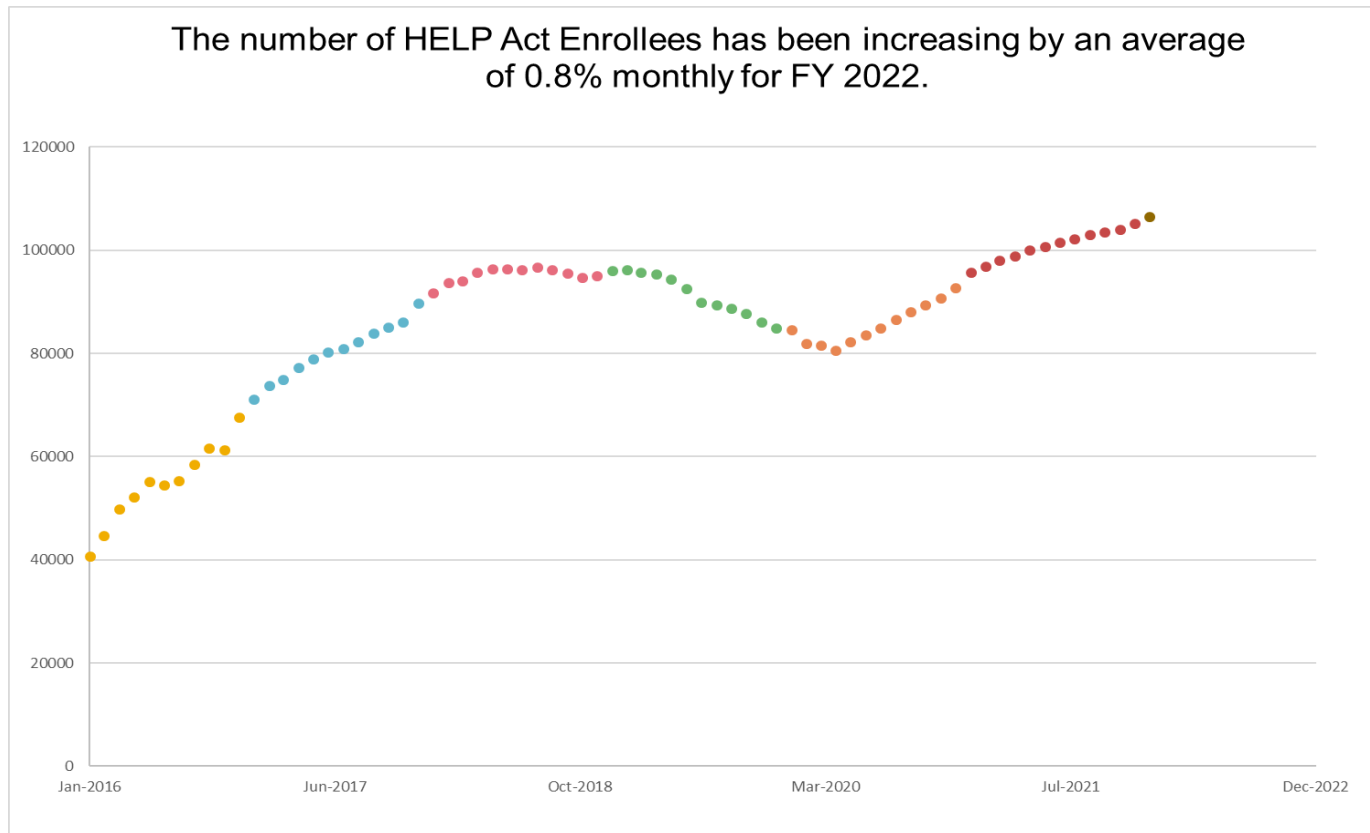
Category	FY22 Initial Budget	FY22 Current Budget	FY22 Expenditure Estimates	FY22 Projected Balance
Hospital Services	\$ 49,613,075	\$ 54,211,352	\$ 55,881,307	(\$ 1,669,955)
Hospital Utilization Fees / DSH	\$ 64,965,364	\$ 64,425,823	\$ 79,932,867	(\$ 15,507,044)
Inpatient Services	\$ 65,621,323	\$ 69,394,270	\$ 76,379,322	(\$ 6,985,052)
Outpatient Services	\$ 47,714,856	\$ 48,631,671	\$ 53,526,813	(\$ 4,895,142)
Physician and Professional Services	\$ 96,352,875	\$ 89,709,349	\$ 113,859,816	(\$ 24,150,467)
Pharmacy	\$ 137,021,778	\$ 138,022,967	\$ 154,715,719	(\$ 16,692,751)
Pharmacy Rebates	(\$ 104,728,943)	(\$ 104,728,943)	(\$ 104,167,812)	(\$ 561,131)
Part D Clawback	\$ 17,627,797	\$ 17,517,489	\$ 26,644,277	(\$ 9,126,788)
Dental	\$ 41,965,639	\$ 41,965,638	\$ 52,285,741	(\$ 10,320,103)
Health Centers and Clinics	\$ 37,386,230	\$ 37,386,230	\$ 38,944,302	(\$ 1,558,072)
Medical Equipment and Supplies	\$ 21,365,771	\$ 21,365,771	\$ 24,460,574	(\$ 3,094,803)
Laboratory and Imaging Services	\$ 23,573,449	\$ 23,573,449	\$ 7,258,083	\$ 16,315,366
Medical Transportation	\$ 9,412,559	\$ 9,509,558	\$ 9,343,189	\$ 166,369
Other Services	\$ 8,116,615	\$ 3,099,319	\$ 3,060,345	\$ 38,974
Nursing Facility	\$ 181,130,552	\$ 181,052,944	\$ 156,035,597	\$ 25,017,347
Home and Community Based - Other Services	\$ 3,815,032	\$ 8,928,971	\$ 4,459,570	\$ 4,469,401
Home and Community Based - Community First Choice	\$ 44,930,714	\$ 47,747,470	\$ 48,843,285	(\$ 1,095,815)
Home and Community Based - Big Sky Waiver	\$ 52,749,779	\$ 49,836,386	\$ 55,686,510	(\$ 5,850,124)
Care and Case Management	\$ 17,808,825	\$ 17,976,775	\$ 16,958,336	\$ 1,018,439
Substance Use Disorder Services	\$ 3,318,425	\$ 3,432,677	\$ 4,291,334	(\$ 858,657)
Mental Health Services	\$ 146,580,976	\$ 146,507,239	\$ 126,758,977	\$ 19,748,262
Home and Community Based - SDMI Waiver	\$ 17,031,839	\$ 17,460,108	\$ 14,904,563	\$ 2,555,545
Mental Health Services - HIFA Waiver	\$ 8,217,734	\$ 8,408,176	\$ 7,185,238	\$ 1,222,938
Developmental Disability Services	\$ 1,297,905	\$ 1,297,905	\$ 1,195,795	\$ 102,109
Home and Community Based - DD Waiver	\$ 144,252,612	\$ 144,252,611	\$ 133,340,718	\$ 10,911,893
Indian and Tribal Health Services	\$ 94,556,232	\$ 94,556,231	\$ 88,628,722	\$ 5,927,509
School Based - Physical Health	\$ 4,705,029	\$ 4,705,029	\$ 4,043,620	\$ 661,409
School Based - Mental Health	\$ 55,724,058	\$ 55,724,057	\$ 21,954,297	\$ 33,769,760
Medicare Buy-In	\$ 52,441,275	\$ 52,441,274	\$ 54,904,675	(\$ 2,463,401)
<b>Total</b>	<b>1,344,569,374</b>	<b>1,348,411,795</b>	<b>1,331,315,781</b>	<b>17,096,014</b>

## MEDICAID EXPANSION

The Health and Economic Livelihood Partnership (HELP) Act of the 2015 Montana Legislature expanded Medicaid in Montana, as permitted by the Patient Protection and Affordable Care Act (ACA). Specifically, this provides Medicaid coverage for adults ages 19-64, with incomes less than 138.0% of the federal poverty rate for Montana. Benefits and claims for the expansion population are funded with 90.0% federal dollars (less an adjustment made for continuous eligibility) and 10.0% state dollars. Unlike traditional Medicaid, there are no FMAP adjustments to the expansion population as a result of the FFCRA and the federal match rate will remain at 90.0%, barring any future federal statute changes.

**ENROLLMENT UPDATE**

As of January 2022, DPHHS was reporting a total of 106,368 individuals covered by Medicaid expansion. While enrollment had been trending downward since early 2019, the increase aligns closely with the COVID-19 pandemic and corresponding impacts on continued eligibility enrollment linked to FFCRA. The following graph shows Medicaid expansion enrollment in Montana since the program was instituted.



**FINANCIAL UPDATE**

There were no budget modifications in Medicaid expansion. The table below summarizes the modified March budget, DPHHS projections, and the resulting projected total budget deficit.



**FY 2022 Medicaid expansion Benefits & Claims Appropriations Compared to DPHHS Projections**

Agency and Fund Type	FY 2022 December Modified Appropriation	Changes in Appropriation <sup>1</sup>	FY 2022 March Modified Appropriation	FY 2022 Projected Expenditures <sup>2</sup>	FY 2022 Budget Balance	Surplus/Deficit as a % of Budget
<b>10 Developmental Services Division</b>						
General Fund	\$539	\$0	\$539	\$1	\$538	100%
Federal Funds	\$4,858	\$0	\$4,858	\$0	\$4,858	100%
Subtotal	\$5,397	\$0	\$5,397	\$1	\$5,396	100%
<b>11 Health Resources Division</b>						
General Fund	\$17,734,741	\$0	\$17,734,741	\$32,521,441	(\$14,786,700)	-83%
State Special Revenue	\$51,039,613	\$0	\$51,039,613	\$51,039,613	\$0	0%
Federal Funds	\$679,695,818	\$0	\$679,695,818	\$827,669,152	(\$147,973,334)	-22%
Subtotal	\$748,470,172	\$0	\$730,735,431	\$911,230,206	(\$162,760,034)	-22%
<b>22 Senior &amp; Long Term Care</b>						
General Fund	\$861,099	\$0	\$861,099	\$1,035,368	(\$174,269)	-20%
Federal Funds	\$8,757,365	\$0	\$8,757,365	\$11,019,323	(\$2,261,958)	-26%
Subtotal	\$9,618,464	\$0	\$9,618,464	\$12,054,691	(\$2,436,227)	-25%
<b>33 Addictive &amp; Mental Disorders</b>						
General Fund	\$6,670,852	\$0	\$6,670,852	\$8,140,013	(\$1,469,161)	-22%
State Special Revenue	\$1,749,845	\$0	\$1,749,845	\$1,749,845	\$1,749,845	100%
Federal Funds	\$74,695,434	\$0	\$74,695,434	\$73,260,116	\$1,435,318	2%
Subtotal	\$83,116,131	\$0	\$83,116,131	\$81,400,129	\$1,716,002	2%
<b>Grand Total All Medicaid Expansion Benefits</b>						
General Fund	\$25,267,231	\$0	\$25,267,231	\$41,696,823	(\$16,429,592)	-65%
State Special Funds	\$52,789,458	\$0	\$52,789,458	\$51,039,613	\$1,749,845	3%
Federal Funds	\$763,153,475	\$0	\$763,153,475	\$911,948,591	(\$148,795,116)	-19%
Grand Total All Funds	\$841,210,164	\$0	\$841,210,164	\$1,004,685,027	(\$163,474,863)	-19%

<sup>1</sup>Changes in appropriation authority can include: reorganizations, transfer of authority among Medicaid programs, transfers to/from other DPHHS programs, or additional federal authority as authorized in statute. Modifications listed here are as of February 28, 2022.

<sup>2</sup>Expenditure projections are based on the February 22, 2022 DPHHS Budget Status Report.

**MAJOR SERVICE CATEGORIES**

Data in the following table are taken from the DPHHS budget status report dated February 22, 2021. The largest expenditure categories for major services is hospital services and hospital utilization fees. Other categories of note are pharmacy, mental health services, and physician and professional services.

## Medicaid Expansion Summary by Major Service Category

Category	FY22 Initial Budget	FY22 Current Budget	FY22 Expenditure Estimates	FY22 Projected Balance
Hospital Services	\$ 59,123,578	\$ 59,123,578	\$ 76,315,314	(\$ 17,191,737)
Hospital Utilization Fees / DSH	\$ 271,461,683	\$ 271,461,683	\$ 271,461,683	\$ -
Inpatient Services	\$ 65,951,869	\$ 65,951,869	\$ 85,486,646	(\$ 19,534,777)
Outpatient Services	\$ 61,177,638	\$ 61,177,638	\$ 79,298,300	(\$ 18,120,662)
Physician and Professional Services	\$ 84,886,689	\$ 84,886,689	\$ 118,178,657	(\$ 33,291,968)
Pharmacy and Rebates	\$ -	\$ -	\$ -	\$ -
Pharmacy	\$ 171,589,314	\$ 171,589,314	\$ 213,505,133	(\$ 41,915,819)
Pharmacy Rebates	(\$ 108,356,676)	(\$ 108,356,676)	(\$ 116,454,185)	\$ 8,097,509
Dental	\$ 14,808,526	\$ 14,808,526	\$ 20,802,750	(\$ 5,994,224)
Health Centers and Clinics	\$ 41,047,903	\$ 41,047,903	\$ 37,449,681	\$ 3,598,222
Medical Equipment and Supplies	\$ 7,898,834	\$ 7,898,834	\$ 12,590,137	(\$ 4,691,303)
Laboratory and Imaging Services	\$ 12,267,702	\$ 12,267,702	\$ 18,331,072	(\$ 6,063,370)
Medical Transportation	\$ 5,569,903	\$ 5,569,903	\$ 8,890,295	(\$ 3,320,392)
Other Services	\$ 1,008,476	\$ 1,002,366	\$ 1,051,706	(\$ 49,340)
Nursing Facility	\$ 7,022,334	\$ 7,022,334	\$ 7,136,718	(\$ 114,384)
Home and Community Based - Other Services	\$ 1,772,365	\$ 1,778,069	\$ 1,793,019	(\$ 14,950)
Home and Community Based - Community First Choice	\$ 761,924	\$ 761,924	\$ 2,835,011	(\$ 2,073,087)
Home and Community Based - Big Sky Waiver	\$ 55,731	\$ 56,137	\$ 289,943	(\$ 233,806)
Care and Case Management	\$ 5,332,170	\$ 5,332,170	\$ 6,581,318	(\$ 1,249,148)
Substance Use Disorder Services	\$ 15,336,810	\$ 15,336,810	\$ 16,561,868	(\$ 1,225,058)
Mental Health Services	\$ 66,554,907	\$ 66,554,907	\$ 63,652,281	\$ 2,902,626
Home and Community Based - SDMI Waiver	\$ 23,388	\$ 23,388	\$ 105,078	(\$ 81,690)
Mental Health Services - HIFA Waiver	\$ -	\$ -	\$ -	\$ -
Developmental Disability Services	\$ -	\$ -	\$ -	\$ -
Home and Community Based - DD Waiver	\$ -	\$ -	\$ -	\$ -
Indian and Tribal Health Services	\$ 55,902,279	\$ 55,902,279	\$ 78,821,307	(\$ 22,919,028)
School Based - Physical Health	\$ 7,421	\$ 7,421	\$ 1,294	\$ 6,127
School Based - Mental Health	\$ 5,397	\$ 5,397	\$ 1	\$ 5,396
Medicare Buy-In	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>841,210,164</b>	<b>841,210,164</b>	<b>\$ 1,004,685,027</b>	<b>(\$ 163,474,863)</b>